Zacks Small-Cap Research

March 19, 2013
Jason Napodano, CFA
312-265-9421
jnapodano@zacks.com

scr.zacks.com
111 North Canal Street, Chicago, IL 60606

Cytomedix, Inc (CMXI-OTC)

CMXI: A Quick SWOT Analysis On Cytomedix…

Current Recommendation	**Neutral**
Prior Recommendation	Outperform
Date of Last Change	02/14/2013
Current Price (03/19/13)	$0.51
Target Price	**$1.50**

UPDATE

We currently model total revenues in 2013 at $10.03 million, comprised of $1.53 million in products sales coming from AutoloGel and $8.40 million from Angel. We model a net loss of $14.77 million for 2013, with cash burn around $12 to $14 million for the full year. We do not model upfront or licensing fees in 2013. Our rating remains 'Neutral' with a $1.50 price target. The single biggest catalyst for the shares in 2013 would be a deal for AutoloGel. If the company and strike a deal that for AutoloGel that brings in upfront cash, royalties, and backend milestones, perhaps the shares can recover from their depressed state. We suspect that Angel will keep chugging along with 2013 regardless, and that the market will continue to assign little value to the ALDH pipeline until the data from the phase 2 RECOVER-Stroke program in the second quarter 2014.

SUMMARY DATA

52-Week High	**$2.28**
52-Week Low	**$0.49**
One-Year Return (%)	**-59.62**
Beta	**0.33**
Average Daily Volume (sh)	**342,367**
Shares Outstanding (mil)	**103**
Market Capitalization ($mil)	**$54**
Short Interest Ratio (days)	**1.62**
Institutional Ownership (%)	**8**
Insider Ownership (%)	**15**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**21.7**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2013 Estimate	**N/A**
P/E using 2014 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	3.0 A	3.7 A	1.8 A	2.1 A	10.6 A
2013	2.0 E	2.3 E	2.6 E	3.1 E	10.0 E
2014					13.6 E
2015					17.6 E

Earnings per Share
(EPS is based on diluted shares)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	-$0.07 A	-$0.09 A	-$0.04 A	-$0.04 A	-$0.24 A
2013	-$0.03 E	-$0.04 E	-$0.04 E	-$0.04 E	-$0.13 E
2014					-$0.11 E
2015					-$0.08 E

© Copyright 2013, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

On March 19, 2013, Cytomedix reported financial results for the fourth quarter and full year 2012. Management also provided a business update for 2013. While we believe sales of both Angel and AutoloGel are set to increase nicely in 2013, Cytomedix continues to burn too much cash and has a messy capital structure. The verdict is still out on the Aldagen acquisition from early 2012, and will be until the phase 2 RECOVER-Stroke trial reports data in the second quarter of 2014. Below we provide a review of the current fundamentals, and highlight the strengths, weaknesses, opportunities, and threats.

Financial Update

Cytomedix reported $2.13 million in revenues in the fourth quarter 2012, down 28% from the fourth quarter 2011. Revenues were driven by $2.02 million in product sales, up 26% year-over-year, and $0.11 million in royalties and collaborative payments. We remind investors that in the fourth quarter 2011, Cytomedix recorded $1.35 million in recognition of a non-refundable option fee for exclusive negotiations with a large pharmaceutical partner on AutoloGel. The company reported no such fee in the fourth quarter 2012, and thus the year-over-year comparisons provided difficult. For the full year 2012, total revenues were $10.56 million, up 46% from 2011. Revenues in 2012 were driven by $7.24 million in product sales and $3.32 million in royalties and recognition of collaborative payments. Below we provide a breakdown of the revenue line:

Line-Item	2011 A	2012 A	YoY
AutoloGel	$0.39 M	$0.55 M	+44%
Angel	$5.51 M	$6.63 M	+20%
Total Product Sales	**$5.90 M**	**$7.24 M**	**+23%**
Royalties & Collaborative	$1.35 M	$3.32 M	+145%
Total Revenues	**$7.25 M**	**$10.56 M**	**+46%**
Gross Margin	54%	46%	-

Net loss for the fourth quarter totaled $3.83 million, or $0.04 per share. Loss was driven by $0.93 million in R&D expense and $3.70 million in SG&A and other professional expenses. Net loss for the full year 2012 totaled $19.76 million, or $0.24 per share. Loss was driven by $3.39 million in R&D and $16.16 million in SG&A and other professional expenses. Loss for 2012 also included $6.3 million in non-cash accounting expenses associated with fair value of the derivative liability and contingent consideration to Aldagen Holdings, LLC.

For 2012, Cytomedix burned approximately $13.0 million from operating and investing activities. The company offset this burn by raising $13.4 million in cash from financing activities. Burn in the fourth quarter 2012 totaled $4.4 million. We suspect that burn will remain about the same in 2013. We are expecting an increase in R&D expense as the RECOVER-Stroke trial pushing forward with patient enrollment, but are anticipating lower consulting and professional fees. We are also projecting an increase in product sales to $10.0 million, driven by $1.53 million in sales of AutoloGel and $8.40 million in sales of Angel. Growing sales of Angel and the opportunity to accelerate sales of AutoloGel given finalized reimbursement from CMS are clearly the company's biggest strength.

…Securing Cash…

Cytomedix exited 2012 with $2.7 million in cash and investments. Given a projected burn of around $3-4 million per quarter, it was prudent for the company to raise cash in February 2013, securing access to up to $27.5 million through a mixed offering of cash, future cash, and short-term debt. We provide a breakdown of the terms and expenses associated with the financing below:

- Lincoln Park Transaction: Cytomedix entered into a committed equity financing – common stock purchase agreement (CPSA) with Lincoln Park Capital (LPC). The CPSA allows for up to $15 million in equity to be sold at Cytomedix' discretion for a period of 30 months. Transactions are capped to 150,000 shares per day based on the current share price, but can be increased to 200,000 or more if the stock moves above certain thresholds (one such threshold is >$1.00 per share). LPC is capped at owning 9.99% of the outstanding shares, and not obligated to buy at prices below $0.45 per share. LPC was paid a fee of 375,000 shares for entering into the transaction, and can earn another fee of 375,000 pro rata.

- Stock & Warrant Transaction: Cytomedix raised $5.0 million gross through issuing a total of 9,090,910 million shares at $0.55 per share. Participants also received 70% warrant coverage (6,363,637 million shares). The warrants are exercisable immediately at $0.75 per share for a term of five years. Burrill Securities and Barrington Research were paid a placement and expense reimbursement fee totaling $402,000. Burrill also received 136,364 million five-year warrants exercisable at $0.90 per share. We note that both Aldagen Holdings, LLC and Lincoln Park Capital Fund, as well as the State of Maryland Venture Fund, participated in the $5.0 million stock and warrant offering.

- Loan Transaction: Cytomedix entered into a $7.5 million credit and security agreement with MidCap Financial LLC. The first tranche of the loan, $4.5 million, has been received. The second $3.0 million is payable based on completion of certain performance milestones, which include raising additional cash through the LPC-CSPA noted above or a commercial partnership for Angel or AutoloGel in 2013. The loan matures on August 19, 2016 and bears interest at an annual rate of LIBOR + 8%, with a minimum LIBOR rate of 3%. MidCap received seven-year warrants to purchase 1.079 million shares of stock at $0.70 per share. There is also a prepayment penalty of 5% for the first 12 months, then 3% for the next 12 months, dropping to 1% for the final 18 months.

Cytomedix clearly needed cash. The terms of the raise, however, are rather frustrating for existing shareholders. The current basic share count now stands at 104.3 million. The fully-diluted number, including all contingent consideration payments to Aldagen Holdings, LLC stands at 151.4 million, and that does not include any use of the LPC-CPSA. To the right is a breakdown of the current capital structure, which remains the biggest weakness we see for the company.

Management remains committed to seeking an uplisting to a major exchange in 2013 or 2014. If the company would like to achieve this goal prior to the results of the RECOVER-Stroke program in the second quarter 2014, then at some point Cytomedix is going to have to institute a reverse split. Given the current share price of $0.52 per share, something along the lines of 1-for-10 makes sense.

Basic	
104.330	Basic as of March 4, 2013
Stock Options	
7.897	Long-Term incentive Plan @ $1.28/share (6.662M exercisable at $1.30)
Convertible Notes	
2.078	July and November 2011 4% note offering
Warrants	
0.975	Fitch / Coleman
	325k (Group A) at $1.25 callable >$4
	325k (Group B) at $1.50 callable >$5
	325k (Group C) at $1.75 callable >$6
1.071	August 2009 (Expire Feb 2014) at $0.51 / share
1.295	August 2010 (Expire April 2015) at $0.54 / share
1.489	October 2010 (April 2016) at $0.60 / share
0.917	October 2010 (April 2016) at $0.50 / share
1.181	February 2012 (Expire 12/31/2014) at $1.42 / share
2.116	February 2012 (Expire 12/31/2014) at $1.42 / share
0.200	Professional services (Expire 2/24/2014) at $1.10 - $1.50 / share
6.364	February 2013 $5M financing (Expire Feb. 2018) at $0.75 / share
0.136	Burrill Warrants from Feb 2013 financing (Ex. Feb 2018) at $0.90 / share
1.079	MidCap Warrants from Feb 2013 LOAN (Ex. Feb 2020) at $0.70 / share
Aldagen	
1.015	Hitting 60 patients in RECOVER-Stroke w/ DSMB clearance
1.523	Full enrollment at 100 patients in RECOVER-Stroke by May 31, 2013
17.771	Success in RECOVER-Stroke

AutoloGel Finally Positioned For Growth

The long-waited finish line for gaining CMS reimbursement on AutoloGel seems to be in sight. On March 1, 2013, CMS approved the clinical outcomes in the Coverage with Evidence Development (CED) protocols submitted by the company. This approval allows Cytomedix to now begin promoting and rolling out the protocols to physicians and patients for AutoloGel when used to treat Medicare beneficiaries. On March 18, 2013, CMS issued temporary reimbursement coding and claims payment instructions to its regional contractors for the use of AutoloGel in chronic non-healing wounds. The assignment of a Healthcare Common Procedure Coding System (HCPCS) code establishes the reimbursement mechanism for physicians and other providers submitting claims for services provided to Medicare beneficiaries. Claims processing will begin with an implementation date of July 1, 2013 for claims with dates of service after August 2, 2012.

This is an enormous opportunity now for Cytomedix. The “G” code facilitates reimbursement in the hospital outpatient setting, skilled nursing facilities, rural health clinics, comprehensive outpatient rehabilitation facilities, federally qualified health centers, and critical access hospitals for three types of non-healing chronic wounds: diabetic foot ulcers, venous leg ulcers, and pressure ulcers. The market for products addressing chronic wounds in the U.S. is estimated to be $2.3 billion annually. There are over 6 million of these types of wounds treated each year in the U.S. Prior to CMS reimbursement, AutoloGel was significantly disadvantaged compared to competing products with full coverage, including Dermagraft (~$195M in sales in 2011) and Apligraf (~$125M in sales in 2011). AutoloGel is the only PRP product FDA-approved for the treatment of chronic wounds.

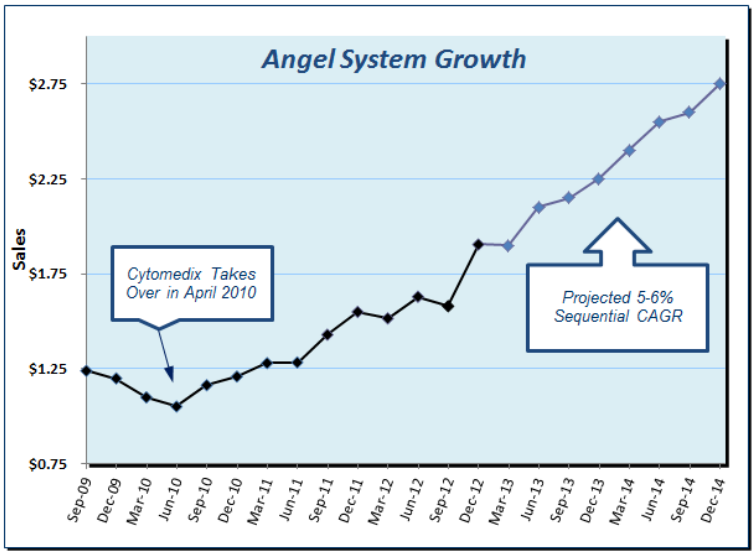
We estimate greater than 50% of the market is Medicare beneficiaries. But besides missing out on these patients, private payors were also disadvantaging AutoloGel. With CMS now on board, we expect private payors to follow suit. The economics around AutoloGel should be dramatically improved by the second half of 2013.

AutoloGel is a product that generated only $55k in sales in 2012. The company tells us it treated between 250 and 300 patients to generate this level of sales, and that came with little marketing and promotional effort by the company. With CED now in place, the company expects to dramatically step-up the marketing effort and begin enrolling and treating patients in one of the four CMS-approved trials to collect the data necessary under the CED pathway. These four trials include one randomized efficacy program with Grade 1 or 2 diabetic foot ulcer (DFU) patients vs. a standardized (usually and customary) care and three outcome assessment studies in broader patient populations, such as DFU patients with Grade 3 and 4, venous leg ulcers, and pressure ulcers. The primary efficacy study will seek to enroll 260 patients. In total, the company plans to enroll and treat over 2,400 patients between all four studies to compile data for CMS under the CED pathway. The goal for 2013 is to exit the year with over 1,000 patients enrolled. This would be a three to four fold increase in sales from 2012. It's been a rocky-road for AutoloGel, but the potential for significant acceleration in sales in 2013 and beyond is clearly one of the company's biggest opportunities.

The company continues to look for distribution partners for AutoloGel. After the "Big Pharma" partner walked away earlier in 2012 the company immediately began conversations with new potential partners. The timing of a deal remains a wildcard, but any transaction that provides increased sales and promotion, upfront cash, royalties on sales, and the potential for backend milestones would be a big win for management. A partnership remains another, albeit more difficult to forecast, potential opportunity for Cytomedix.

Angel Keeps Chugging Along

Angel has been the main bright spot for Cytomedix over the past year. In fact, sales have continued their impressive march upwards ever since the company acquired the product from Sorin in April 2010. Angel sales in the fourth quarter 2012 totaled $1.91 million, up 21% sequentially from the third quarter 2012. Cytomedix exited the year with an estimated 425 units placed in the U.S. and another 100 Ex-U.S. We forecast Angel sales to grow to $8.4 million in 2013. Angel system growth is clearly a key strength, with much of the growth coming from orthopedics (sports medicine) and cardiovascular surgery. Cytomedix plans to increase the sales and promotion effort around Angel in 2013. The company exited the year with 8 full-time sales representatives, and expects to increase that number to 12 shortly. The company is holding "PRP workshops" to educate and train physicians on the potential use of Angel in orthopedic and cardiovascular indications.



We expect that new markets will continue to drive growth of Angel in the near-term. On November 8, 2012, Cytomedix announced that the U.S. FDA had granted clearance for the use of Angel for processing a small sample of blood or a mixture of blood and bone marrow aspirate (BMAC). The 510(k) approval now allows for PRP produced from either blood or a mixture of bone marrow aspirate to be combined with bone graft material and used in appropriate orthopedic procedures as deemed necessary by a clinician, such as spinal fusion, healing of nonunion bone fractures and other bone grafting applications. In the U.S., approximately 400,000 spinal fusion procedures are performed each year and the application of bone marrow or bone marrow concentrates has been the historical gold standard.

Concentrated PRP produced from blood and bone marrow may be used in up to 90% of spinal fusion procedures. The U.S. biologics market associated with spinal fusion procedures is approximately $700 million annually. We think an equal opportunity exists in Europe. This is a big opportunity.

Aldagen Pipeline: High Risk / High Reward

Roughly a year ago, Cytomedix made the transformational decision to acquire privately-held Aldagen, and with it the company's ALDH bright cell technology. Impetuous for the deal was to boost the company's focus on regenerative medicine and create what management referred to as the "three pillars of generative medicine" – scaffolds, signals, and cells. Aldagen had candidates ALD-201 for ischemic heart failure, ALD-301 for critical limb ischemia, and ALD-401 for ischemic stroke in the clinical pipeline.

The lead program was a recently initiated phase 2 study, dubbed RECOVER-Stoke, with ALD-401. At the time of the deal (February 2012), six of the targeted 100 patients had been enrolled in the study. In May 2012, Cytomedix announced that an independent data safety monitoring board (DSMB), after reviewing the safety data from the first 10 patients, had recommended that the phase 2 trial continue as designed. Enrollment of these 10 patients took place at three clinical sites in the U.S. Safety data presented in October 2012 at the World Stoke Congress in Brazil showed procedure was safe and yielded no serious adverse events. Following the DSMB review of the first 10 patients, the trial has now been allowed to expand to the next 90 patients.

As of early March 2013, enrollment has been open to nine sites, with an additional six planned to come online in the next few weeks. Unfortunately, enrollment is only up to 26 patients. It seems that the entry criteria for enrollment has been too strict, and that two key issues where holding patients back. The first was age of enrollment. The trial previously capped the age of subjects at 75 years. The new protocol now allows for enrollment of patients up to 83 years of age. Management believes this change will help increase the pace of enrollment by 20%. The second change is the allowance of patients with subcortical stroke. The previous entry criteria only allowed cortical stroke patients, a far more restrictive hurdle. The new protocol now allows both cortical and subcortical stroke patients to be enrolled. Management believes this change should speed enrollment by 50%.

A combination of easing the entry criteria and adding six new sites should help quicken the pace of enrollment throughout 2013. We should have a good sense on if this is working soon, as there is a second DSMB review of patients after a total of 30 subjects have been enrolled. Management believes they can complete enrollment at 100 patients before the end of the year. Data should follow four months later, perhaps in April 2014.

Stroke is an enormous market opportunity. Each year, some 700,000 American's suffer an ischemic stroke. The RECOVER-Stroke trial is a double-blind, placebo-controlled design, with a 60/40 randomization between drug and control. ALD-401 will be administered to the patient via a single injection (3 ml) directly into the carotid artery approximately two weeks (13 to 19 days) following the stroke. Athersys is conducting a competing phase 2 trial in stroke with its MultiStem cell therapy, targeting 140 patients. Athersys is enrolling at 20+ sites and seeks to dose patients 24 to 36 hours after the stroke.

Stroke has been a minefield for drug development over the past decade. Small molecules and biologics tested in late-stage trials for acute ischemic stroke – eliprodil, selfotel, aptiganel, enlimomab, LeukArrest, nimodipine, fosphenytoin, maxipost, tirilazad, citocline, disutenton, diazepam, repinotan, nalmefene, and gangloside-GM1 to name a few – have all failed for one reason or another. The failure of RECOVER-Stroke is clearly the biggest threat we see to owning the shares. However, one thing to note about all the above failures is that they are all one molecule going after one target. Cell therapy has the potential to use multiple mechanisms of action with multiple pathways for success. So we are keen to see the outcome of both phase 2 trials being conducted by Cytomedix and Athersys. If ALD-401 works, it's a blockbuster drug. Therefore, success of this program is also the biggest opportunity we see for Cytomedix.

We note that Cytomedix is also in phase 1 studies with ALD-451, a formulation of the company s ALDH bright cells, designed to test the feasibility and safety when administered intravenously in World Health Organization (WHO) grade IV malignant glioma patients following surgery, radiation therapy and treatment with temozolomide. The trial is being run in collaboration with Duke University Medical Center and expected to enroll up to 12 patients in an open-label design. The primary outcome will be in looking for improvement in cognitive function in patients post treatment with ALD-451. Data from this trial may provide excellent insight into the RECOVER-Stroke trial.

Cytomedix also recently announced the signing of an agreement with the NIH to collaborate on a phase 2 clinical study in patients with intermittent claudication (IC) and ALD-301. The study is being funded by NHLBI/NIH and managed by the Cardiovascular Cell Therapy Research Network (CCTRN). The phase 2 study, called “PACE” (Patients with Intermittent Claudication Injected with ALDH Bright Cells) is expected to enroll 80 patients in a double-blind, placebo-controlled design. The primary endpoints of the study are safety and the change in peak walking time at 6 months compared to baseline. Management believes enrollment in this study should complete around the end of the year and offer data seven months later.

Between ALD-401 for stroke, ALD-451 for cognitive improvement in patients with brain cancer, and ALD-301 for intermittent claudication and potentially critical limb ischemia (CLI), Cytomedix has taken an aggressive stance with ALDH bright cells. Management is extremely optimistic on the technology.

INVESTMENT UPDATE

Expectations For 2013

We currently model total revenues in 2013 at $10.03 million, comprised of $1.53 million in products sales coming from AutoloGel and $8.40 million from Angel. We model a net loss of $14.77 million for 2013, with cash burn around $12 to $14 million for the full year. We do not model upfront or licensing fees in 2013. Our rating remains ‘Neutral’ with a $1.50 price target.

The biggest strengths we see are the growing sales of Angel and the new CMS coverage for AutoloGel.

The biggest weaknesses we see are the messy capital structure and future dilution under the LPC-CPSA.

The biggest opportunities we see are the potential to accelerate sales of AutoloGel, either alone or through a commercial partner, expanding Angel more into sports medicine, and the outcome of any of the ongoing trials in the cell therapy pipeline, primarily the RECOVER-Stroke phase 2 study with ALD-401.

The biggest threat we see is the potential failure of RECOVER-Stroke.

The single biggest catalyst for the shares in 2013 would be a deal for AutoloGel. If the company and strike a deal that for AutoloGel that brings in upfront cash, royalties, and backend milestones, perhaps the shares can recover from their depressed state. We suspect that Angel will keep chugging along with 2013 regardless, and that the market will continue to assign little value to the ALDH pipeline until the data from the phase 2 RECOVER-Stroke program in the second quarter 2014.

PROJECTED FINANCIALS

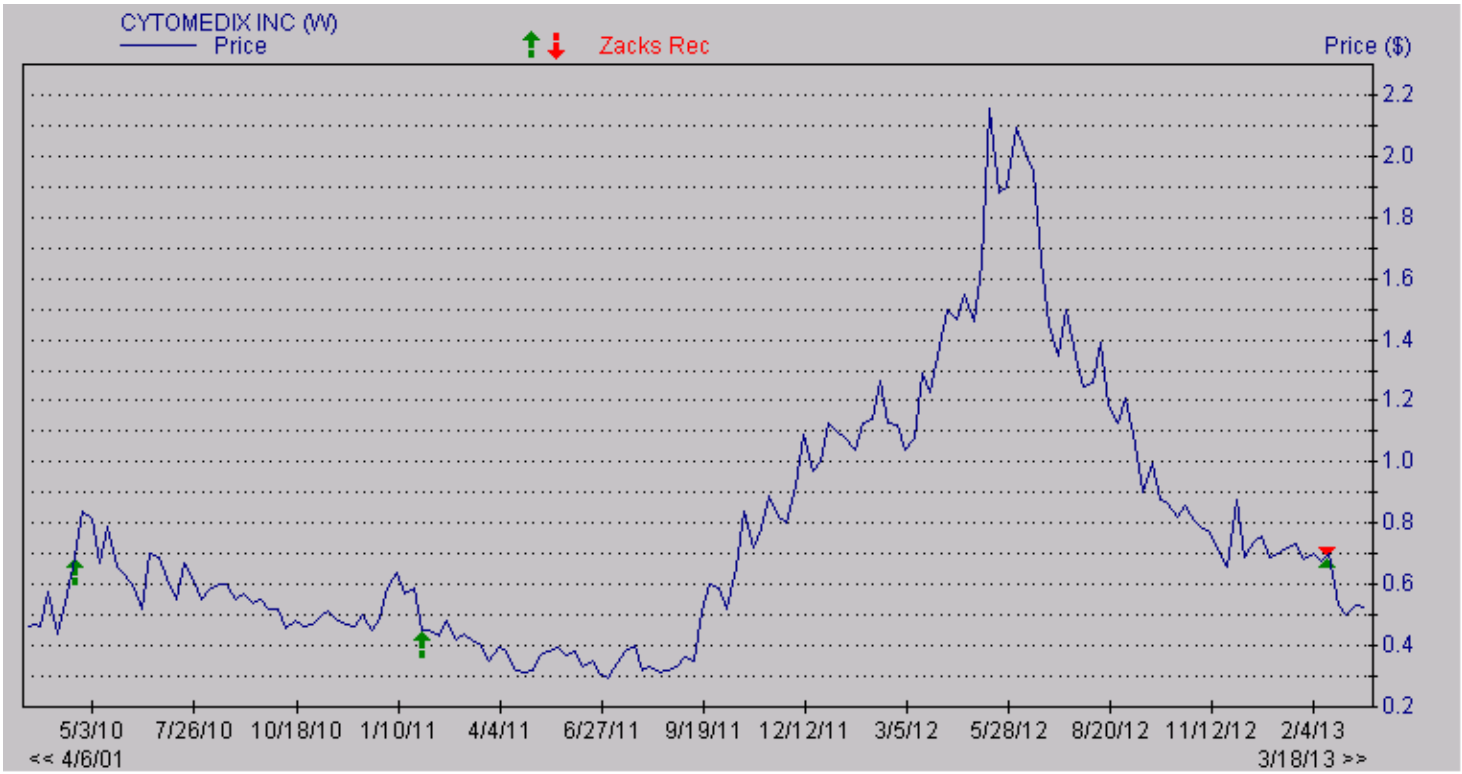
Cytomedix, Inc.
Income Statement

Cytomedix, Inc.	2011 A	2012 A	Q1 E	Q2 E	Q3 E	Q4 E	2013 E	2014 E	2015 E
AutoloGel	$0.39	$0.55	$0.13	$0.20	$0.40	$0.80	$1.53	$3.00	$5.00
YOY Growth	5.2%	43.9%	-19.8%	17.6%	270.4%	601.8%	176.2%	96.1%	66.7%
Angel System	$5.51	$6.63	$1.90	$2.10	$2.15	$2.25	$8.40	$10.50	$12.50
YOY Growth	61.2%	20.3%	25.3%	28.8%	36.1%	18.1%	26.7%	25.0%	19.0%
Aldagen 3rd Party	*$0*	$0.06	$0.01	$0.02	$0.03	$0.04	$0.10	$0.10	$0.10
YOY Growth	-	-	-	-	-	-	77.3%	0.0%	0.0%
Med Product Sales	**$5.90**	**$7.24**	**$2.04**	**$2.32**	**$2.58**	**$3.09**	**$10.03**	**$13.60**	**$17.60**
YOY Growth	55.8%	22.7%	21.0%	24.7%	51.5%	53.0%	38.5%	35.6%	29.4%
Drug Pipeline	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-
Royalties & Collabs	**$1.35**	**$3.32**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	992.9%	-	-	-	-	-	-	-	-
Total Revenues	**$7.25**	**$10.56**	**$2.04**	**$2.32**	**$2.58**	**$3.09**	**$10.03**	**$13.60**	**$17.60**
YOY Growth	85.3%	45.8%	-32.4%	-37.0%	46.6%	46.9%	-5.1%	35.6%	29.4%
Cost of Sales	$2.73	$3.90	$1.06	$1.18	$1.32	$1.55	$5.10	$6.12	$7.04
Product Gross Margin	53.8%	46.2%	48.0%	49.0%	49.0%	50.0%	49.1%	55.0%	60.0%
R&D	$0.10	$3.39	$0.95	$1.05	$1.15	$1.25	$4.40	$5.00	$5.00
% R&D	1.4%	32.1%	46.6%	45.3%	44.6%	40.5%	43.9%	36.8%	28.4%
SG&A, Other Fees	$7.94	$16.16	$3.75	$3.75	$3.80	$3.85	$15.15	$17.00	$18.00
% G&A	109.5%	152.9%	183.8%	161.6%	147.3%	124.6%	151.0%	125.0%	102.3%
Operating Income	($3.51)	($12.88)	($3.72)	($3.66)	($3.69)	($3.56)	($14.62)	($14.52)	($12.44)
Operating Margin	-48.5%	-121.9%	-	-	-	-	-145.8%	-106.8%	-70.7%
Interest & Other Income	$0.02	($6.89)	$1.00	($0.20)	($0.25)	($0.30)	($0.15)	$0.20	$0.35
Pre-Tax Income	($3.49)	($19.76)	($2.72)	($3.86)	($3.94)	($3.86)	($14.77)	($14.32)	($12.09)
Taxes	$0.0	$0.02	$0	$0	$0	$0	$0	$0	$0
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0.0%	0.0%
Preferred A, B, D, E	$0.35	$0.01	$0	$0	$0	$0	$0	$0	$0
Net Income	($3.86)	($19.80)	($2.72)	($3.86)	($3.94)	($3.86)	($14.77)	($14.32)	($12.09)
Net Margin	-53.2%	-187.4%	-	-	-	-	-147.3%	-105.3%	-68.7%
Reported EPS	**($0.08)**	**($0.24)**	**($0.03)**	**($0.04)**	**($0.04)**	**($0.04)**	**($0.13)**	**($0.11)**	**($0.08)**
YOY Growth	-67.4%	217.7%	-	-	-	-	-44.5%	-14.7%	-29.6%
Weighted Ave. Shares Out	50.7	81.9	100.0	105.0	108.0	110.0	110.0	125.0	150.0

Source: Zacks Investment Research, Inc. *Jason Napodano, CFA*

© Copyright 2013, Zacks Investment Research. All Rights Reserved.

HISTORICAL ZACKS RECOMMENDATIONS



DISCLOSURES

The following disclosures relate to relationships between Zacks Investment Research ("ZIR") and Zacks Small-Cap Research ("Zacks SCR") and the issuers covered by the Zacks SCR analysts in the Small-Cap Universe.

ZIR or Zacks SCR Analysts do not hold or trade securities in the issuers which they cover. Each analyst has full discretion on the rating and price target based on their own due diligence. Analysts are paid in part based on the overall profitability of Zacks SCR. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by Zacks SCR for non-investment banking services. No part of analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or blog.

ZIR and Zacks SCR do not make a market in any security nor do they act as dealers in securities. Zacks SCR has never received compensation for investment banking services on the small-cap universe. Zacks SCR does not expect received compensation for investment banking services on the small-cap universe. Zacks SCR has received compensation for non-investment banking services on the small-cap universe, and expects to receive additional compensation for non-investment banking services on the small-cap universe, paid by issuers of securities covered by Zacks SCR. Non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, investment research, and investment management.

Additional information is available upon request. Zacks SCR reports are based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Because of individual objectives, the report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed by Zacks SCR Analysts are subject to change. Reports are not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. Zacks SCR uses the following rating system for the securities it covers. Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters. Hold/Neutral: The analyst expects that the company will perform in line with the broader U.S. equity market over the next one to two quarters. Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution of Zacks Ratings is as follows on the 1006 companies covered: Buy/Outperform- 15.8%, Hold/Neutral- 77.0%, Sell/Underperform – 6.8%. Data is as of midnight on the business day immediately prior to this publication.

© Copyright 2013, Zacks Investment Research. All Rights Reserved.